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## Viewing cable 06LIMA3396, BIO FOR GOP SPECIAL TRADE ENVOY HERNANDO DE SOTO...

If you are new to these pages, please read an introduction on the [structure of a cable](#) as well as how to [discuss them](#) with others. See also the [FAQs](#)

### Understanding cables

Every cable message consists of three parts:

- The top box shows each cables unique reference number, when and by whom it originally was sent, and what its initial classification was.
- The middle box contains the header information that is associated with the cable. It includes information about the receiver(s) as well as a general subject.
- The bottom box presents the body of the cable. The opening can contain a more specific subject, references to other cables ([browse by origin](#) to find them) or additional comment. This is followed by the main contents of the cable: a summary, a collection of specific topics and a comment section.

To understand the justification used for the classification of each cable, please use this [WikiSource](#) article as reference.

### Discussing cables

If you find meaningful or important information in a cable, please link directly to its unique reference number. Linking to a specific paragraph in the body of a cable is also possible by copying the appropriate link (to be found at the paragraph symbol). Please mark messages for social networking services like Twitter with the hash tags **#cablegate** and a hash containing the reference ID e.g. **#06LIMA3396**.

Reference ID	Created	Released	Classification	Origin
<a href="#">06LIMA3396</a>	<a href="#">2006-08-28 13:03</a>	<a href="#">2011-08-30 01:44</a>	<a href="#">CONFIDENTIAL</a>	<a href="#">Embassy Lima</a>

Appears in these articles:  
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VZCZCXYZ0000  
RR RUEHWEB

DE RUEHPE #3396/01 2401303  
ZNY CCCCC ZZH  
R 281303Z AUG 06  
FM AMEMBASSY LIMA  
TO RUEHC/SECSTATE WASHDC 2033  
INFO RUEHBO/AMEMBASSY BOGOTA 3816  
RUEHBR/AMEMBASSY BRASILIA 6953  
RUEHBU/AMEMBASSY BUENOS AIRES 2558  
RUEHCV/AMEMBASSY CARACAS 9740  
RUEHLP/AMEMBASSY LA PAZ AUG QUITO 0638  
RUEHSG/AMEMBASSY SANTIAGO 0810  
RHEHAAA/NATIONAL SECURITY COUNCIL WASHINGTON DC  
RUCPDO/DEPT OF COMMERCE WASHINGTON DC  
RUEATRS/DEPT OF TREASURY WASHDC  
RUEAIIA/CIA WASHDC

C O N F I D E N T I A L LIMA 003396

SIPDIS

SIPDIS

COMMERCE FOR 4331/MAC/WH/MCAMERON  
USTR FOR BHARMAN AND MCARRILLO

E.O. 12958: DECL: 08/24/2016  
TAGS: [TBIO](#) [ETRD](#) [ECON](#) [PGOV](#) [PE](#)  
SUBJECT: BIO FOR GOP SPECIAL TRADE ENVOY HERNANDO DE SOTO...

id: 76367  
date: 8/28/2006 13:03  
refid: 06LIMA3396  
origin: Embassy Lima  
classification: CONFIDENTIAL  
destination: 06LIMA3283|06LIMA3385  
header:  
VZCZCXYZ0000  
RR RUEHWEB

DE RUEHPE #3396/01 2401303  
ZNY CCCCC ZZH  
R 281303Z AUG 06  
FM AMEMBASSY LIMA  
TO RUEHC/SECSTATE WASHDC 2033  
INFO RUEHBO/AMEMBASSY BOGOTA 3816  
RUEHBR/AMEMBASSY BRASILIA 6953  
RUEHBU/AMEMBASSY BUENOS AIRES 2558  
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RUCPDO/DEPT OF COMMERCE WASHINGTON DC  
RUEATRS/DEPT OF TREASURY WASHDC  
RUEAIIA/CIA WASHDC

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C O N F I D E N T I A L LIMA 003396

SIPDIS

SIPDIS

COMMERCE FOR 4331/MAC/WH/MCAMERON  
USTR FOR BHARMAN AND MCARRILLO

E.O. 12958: DECL: 08/24/2016  
TAGS: [TBIO](#) [ETRD](#) [ECON](#) [PGOV](#) [PE](#)  
SUBJECT: BIO FOR GOP SPECIAL TRADE ENVOY HERNANDO DE SOTO

REF: A. LIMA 3283 B. LIMA 3385

Classified By: Ambassador J. Curtis Struble, Reasons 1.4 (b) and (d)

11. (U) Following is biographic information for Hernando de Soto, whom President Garcia on August 17 named as his "personal representative" to obtain the U.S. Congress' ratification of the U.S.-Peru Trade Promotion Agreement (PTPA), as per REF A. De Soto is also charged with developing the necessary internal reforms to allow as many Peruvians as possible the opportunity to benefit from the agreement. See REF B for analysis of De Soto's new role.

12. (U) Hernando DE SOTO Polar was born in Arequipa, Peru, on June 2, 1941. When De Soto was five years old, his father (a lawyer) was exiled from Peru following a military coup and moved to Geneva to work for the International Labor Organization (ILO). De Soto grew up and was educated in Europe, mainly in Switzerland, but spent his summers in Peru because his father wanted his boys to keep their Latin American culture. He did his post-graduate work at the Graduate Institute of International Studies (HEI) in Geneva, and then served as an economist for the General Agreement on Tariffs and Trade (GATT, predecessor to the WTO), as President of the Executive Committee of the Copper Exporting Countries Organization (CIPEC), as managing director of Universal Engineering Corporation (Continental Europe's largest consulting engineering firm), and as a principal of the Swiss Bank Corporation Consultant Group. De Soto also financed projects in hydroelectric and nuclear power plants worldwide.

13. (U) In 1979, after a successful business career in Europe, De Soto returned to a Peru plagued by poverty and years of military rule. He did some work in the mining business, served as Governor of Peru's Central Reserve Bank, and became President Alberto Fujimori's personal representative and principal advisor in 1990. Some credit De Soto for changing Fujimori's economic policies from a Keynesian to a neoliberal approach, and convincing Fujimori that he had to abide by the rules set by the international financial institutions. These policies were responsible for the stabilization of Peru's economy and the taming of inflation, thereby allowing Peru to return to international financial markets. De Soto resigned from the GOP two months before Fujimori's self-coup in April 1992, reportedly due to differences with Fujimori's infamous de-facto National Security Advisor, Vladimir Montesinos.

FROM THE SHINING PATH TO "THE OTHER PATH"...

14. (U) De Soto is best-known for his continuing efforts to answer the question "why are some countries rich and some poor?" He founded the non-profit Institute for Liberty and Democracy (ILD) in 1980, and between 1988 and 1995, De Soto and ILD were responsible for some 400 initiatives, laws, and regulations aimed at modernizing Peru's economic system. In particular, ILD designed and ran the reform of Peru's property system which gave land titles to more than 1.2 million families and helped some 300,000 firms transition from the informal to the formal economy. This latter task was accomplished through the reduction of red tape and restrictive registration, licensing and permit laws that made the opening of new businesses excessively time-consuming and far more costly than most of the largely poor population of Peru could afford. De Soto also conceived Fujimori's counternarcotics strategy, one of the earliest efforts to combat drug trafficking by reducing coca farmers' dependence on the drug crop. De Soto and his admirers claim that these reforms played a major role in the decline of the Marxist Shining Path terrorist group, because, by granting titles to small coca farmers in the two main coca-growing areas, he deprived the Shining Path of safe haven, recruits and money. The Shining Path attempted to kill De Soto at least three times.

15. (U) De Soto's work attracted international attention, and some 30 heads of state have invited him to carry out programs in their countries (including Mexico, El Salvador, Egypt, the Philippines, Haiti, Tanzania, Russia, Ghana, and Indonesia). His admirers have included Ronald Reagan, Bill Clinton, Vladimir Putin, Hamid Karzai, the World Bank, and The Economist. Currently, de Soto and ILD are focused on designing and implementing capital formation programs to empower the poor in Africa, Asia, Latin America, the Middle East, and former Soviet Nations. De Soto is also a commissioner of the ILO's World Commission on the Social Dimension of Globalization.

16. (U) De Soto has published two international best-sellers thus far which propose granting more access to financing to micro-enterprises in emerging markets, "The Other Path" (1989) and "The Mystery of Capital: Why Capitalism Triumphs in the West and Fails Everywhere Else" (2000). These books argue that people in developing countries lack an integrated formal property system, leading to only informal ownership of land and goods. The lack of an integrated system of property rights makes it impossible for the poor to leverage their informal ownerships into capital (as collateral for credit), which De Soto claims would form the basis for entrepreneurship and poverty reduction. His books include blueprints for economic reform in the third world which focus on streamlining government, reducing red tape, and harnessing the strengths of the extended informal economies.

POLITICAL ASPIRATIONS

17. (C) De Soto also has sometimes revealed political aspirations. In January 2001, he announced the formation of

his own political movement, Popular Capital, and attempted to join the presidential race. However, he was unable to collect the necessary signatures in time to register for the April 2001 elections and his movement quickly faded. Upon learning of De Soto's inability to register, Alan Garcia publicly offered de Soto the president slot on a De Soto-Garcia APRA (Garcia's party) ticket. De Soto told the Ambassador that APRA leaders formalized that offer, but that he declined because he would have been a figurehead president susceptible to the whims of disciplined APRA congressmen. De Soto told the Ambassador that before he accepted his current role, President Garcia had offered him the Prime Minister position. De Soto said he turned it down because he had invested years of effort building his and ILD's reputation, and he wanted to expend that capital wisely and not be held accountable for the APRA government's policies. He accepted his "president's personal representative" role because it allows him to avoid formal membership in the Garcia Administration while furthering ILD's objectives of bringing smaller businesses into the formal Peruvian economy so they can benefit from liberalized trade.

¶8. (U) De Soto is single (divorced) and speaks English fluently. His brother, Alvaro, is a career diplomat who has spent the last 24 years at the UN. Alvaro has held the rank of Under-Secretary-General at the UN since 1999, and has been the Secretary-General's Special Coordinator for the Middle East Peace Process and his Personal Representative to the Palestinian Liberation Organization and Palestinian Authority since May 2005.

#### AWARDS/RECOGNITION

¶9. (U) In 1999, Time magazine chose Hernando de Soto as one of the five leading Latin American innovators of the 20th century, and in 2004, the magazine included him among the 100 most influential people in the world. De Soto was also listed as one of 15 innovators "who will reinvent your future" according to Forbes magazine's 85th anniversary edition. He was awarded the Milton Friedman Prize for Advancing Liberty in 2004, and in 2005, the readers of Prospect magazine (UK) and Foreign Policy (USA) ranked him among the top 13 "public intellectuals" in the world. De Soto has been nominated for the Nobel Prize in Economics several times, and was a finalist for the award in 2002.

¶10. (U) Some of the other prizes and honors de Soto has received include: the Freedom Prize (Switzerland), the Fisher Prize (UK), the Goldwater Award (USA), the Adam Smith Award of the Association of Private Enterprise Education (USA), the CARE Canada Award for Outstanding Development Thinking, the Templeton Freedom Prize (USA, 2004), a Royal Decoration from Thailand (2004), the Prize of Deutsche Stiftung Eigentum for exceptional contributions to the theory of property rights (Germany, 2004), the IPAE Award from the Peruvian Institute of Business Administration (2004), the Academy of Achievement's Golden Plate Award (USA, 2005), an Honorary Ph.D. from the University of Buckingham (UK, 2005), the Americas Award (USA, 2005), the BearingPoint/Forbes magazine's Compass Award for Strategic Direction (2005), and the Bradley Foundation's Bradley Prize for outstanding achievement (2006). He was also named the 2003 Downey Fellow at Yale University, inducted into the Democracy Hall of Fame International at the National Graduate University, and named a "Fellow of the Class of 1930" by Dartmouth College.

STRUBLE

=====CABLE ENDS=====